

MID-ATLANTIC REGIONAL COUNCIL FOR SMALL BUSINESS TRAINING AND ADVOCACY

Minutes of Meeting, Secaucus, NJ – January 9-10, 2008

Introductions

Patricia Huber, MARC Chair welcomed attendees, asked attendees to introduce themselves, and opened the meeting at 8:30 a.m.

Attendees: There were 44 attendees at the meeting.

Committee Reports

Governance Committee:

Following the recent elections, the new officers of the MARC were installed. Congratulations and thank you for serving the council!

President – Patricia Huber;
Vice President – Jerry Furey;
Secretary – Carol Decker;
Treasurer – Becky Carpenter.

Awards Committee, Jerry Furey - Congratulations Pat Monastero!

Pat Monastero, Weston Solutions, exemplifies what it means to be an advocate and supporter of both the small business community as well as the MARC. Pat has administered Weston Solution's Small Business Program while going the extra mile in providing counseling, interfacing with and reporting to multiple government agencies, supporting various workshops and fairs, and consistently participating with MARC events.

This is a reminder that nominations for the MARC Team award are now being accepted. Nominations should be submitted no later than March 14, 2008. The award will be given at our spring meeting in April 2008. Nominations for this award can be made by any council member, and the nominees should be a group who are supporters of both the small business community and our Council. The nomination should be one free-standing paragraph detailing why the nominated group/team is deserving of this prestigious award.

Submissions and/or questions should be sent to: gerald.furey@navy.mil.

Planning Committee, Helen Katz:

The spring meeting will be held at the Oglebay Conference Center, in Wheeling, West Virginia, on April 22 & 23, 2008. This meeting will be an extended one, going for two full days. The block of rooms is available for registration through March 22. Be advised that the Ogelbay will charge your credit card 10 days prior to the event. To cover meeting space, food, and AV costs associated with an extended meeting, the registration fee for April will be \$100.

Future meeting locations are currently under consideration. Suggested sites should be noted on the feedback forms or sent to Helen.Katz@navy.mil.

Protocol Committee, Patricia Huber:

The MARC recognizes the upcoming retirement of long-time member Pat Monastero, from Weston Solutions. Pat has been an active participant for many years and she will be missed.

Treasurer: Becky Carpenter reported the current checkbook balance is \$4757.

Secretary: Carol Decker reported that 17 letters requesting that members' commands/companies support their participation in the MARC were mailed. She is offering a second opportunity for MARC members to have a letter sent on their behalf. Details and instructions will be emailed following this meeting.

Presentations and Speakers:

Brian Davidson, Office of the Secretary of Defense, Federal Procurement Data System (FPDS) development.

"I've been working with FPDS since January 2000. Back then it was a concept; now it is a reality. No, it's not perfect; yes, we've changed everything associated with it." With these words, Mr. Davidson began his update and information presentation on the FPDS contract reporting system.

Highlighting some changes that have come with FPDS-NG (new generation), he said that the layers flow up so that the information comes "straight from the contracting officer to FPDS. There are no edits. Nobody else is looking over your shoulder. But, Congress and the public are looking at the results." In comparison, the DOD previous reporting system collected information that was then reviewed at higher levels before it was considered to be final.

The current DOD focus includes completing the FY 2007 data sometime in January. The goal is to improve data accuracy to 99.5 percent – not by imposing edits but by accurate data input. He talked about the standard reports that can be run by any user and mentioned that data can be "drilled down" for additional details. Calling the FPDS reports "flexible", he said that information can be obtained that was not previously available, including what is being bought, who is it being bought from, who is doing the buying, who is funding the action, and where is the product being manufactured?

Training to run reports is available at the FPDS-NG project site: www.fpdng.com. The online training site also includes manuals that can be downloaded. Hands-on training is offered once a month for 20 people at a time in Reston, VA. It is currently booked several months out, but sign-up is available through GSA. DOD is preparing a road show for the future. He is willing to come to buying activities and give hands-on training until that is available. The contractor who developed the site provides some training as well.

SBA's Small Business Goaling Report is available via FPDS and is available to both DOD and public users. The goaling report is based on the funding agency and funding office while the achievements reports are based on the awarding agency and the awarding office. One change in reporting concerns the data that was and is included. Under the old reporting system DOD excluded from the base awards to JWOD, UNICOR, Hospitals, HBCU/MIs, Educational and Non-Profit institutions, government agencies and awards to be performed in foreign places. Under the FPDS, the small business base is larger because it includes awards to educational institutions, hospitals, and non-profits. Initially, this difference was overlooked and accounts for some of the data differences.

Contracting officers have noted some issues and concerns in using FPDS. Included is the need to verify that the contracting officer's size selection field is correctly coded. If the vendor is a SDB, HUBZone, 8(a), or emerging small business, the "small business" field must be checked to receive proper credit. Mr. Davidson also pointed out that care must be taken when using the scroll wheel on a computer mouse so that the contracting officer does not unintentionally change the intended selection.

Addressing the commercial company attendees, Mr. Davidson suggested that they occasionally run a public report to verify the accuracy of their contract awards. He noted that there is usually a 90 day delay from contract award to the data being made public. He also encouraged them to view their CCR profiles to ensure that they are accurately coded in all socio-economic areas.

Mr. Davidson showed some of the FPDS screens including the initial log-on screen, the "EZ Search", standard reports, and drill-downs to award details. FPDS reports can be exported to Excel or to PDFs; they can be emailed to others in the form of Excel spreadsheets.

Responding to questions, he mentioned that they are still working on successful transition to the SBA's electronic subcontracting reporting system working with FPDS, and noted that there is a target date.

Jack Beecher, Chief, Small Business Programs Office, Norfolk District, Corps of Engineers.

In demonstrating the evolution of the Service Disabled Veteran Owned Small Business (SDVOSB) program at his activity, Mr. Beecher pointed out that from FY04 to FY07, the Northern Atlantic Division increased their program awards from \$4.8 million to \$27.1 million. The percentages associated with those dollars show an increase from 0.37 percent to 1.40 percent. During the next four fiscal years, they are projecting SDVOSB opportunities associated with base closures involving five design contracts and 25 construction contracts providing an approximate \$300 million in potential SDVOSB awards.

In addition, the Centers of Standardization (COS) program will bring 10 construction IDIQ contracts and 4 "C" contracts for another \$125 million of potential SDVOSB dollars. The COS program is an Army effort to standardize contracts for dining facilities, instruction buildings, and classrooms. Norfolk was selected to do the design and construction. Giving an example of what the COS program can provide, Mr. Beecher said that with a COS Classroom 21 troops stationed

at a base can take college credit courses there, and said, “we’re going to do SDV set-asides. I’m excited that we’ve earmarked about 30 percent for SDOVSB set-asides.”

He offered seven tips for a more successful SDV program, calling them “7-Ups”. First, get command support. “If you get command support,” he said, “I think you’ll get the worker support.” Second, educate the staff. Giving an example, he said, “I explain to the engineers and contract specialists why we do what we do.” Third, know the market place. He said, “I have to stay on top of the market place. When program managers come to me they expect me to know if there are SDVs or HUBZone small businesses, or 8(a) small businesses out there that can do the project. If a project fails, I won’t get that support next time.”

He said that his fourth tip is, be willing to take calculated risks. “That is especially true with service disabled veterans because they are the newest of our small business categories. They may have to team or form joint ventures to make it work.” Fifth, don’t trust the FedBizOpps alone. “When we are advertising a requirement on FedBizOpps that alone is not enough. I call on these people too. I send the announcement to them and ask them to get it out as broadly as possible.” He encouraged the attendees to use contacts at the Veterans Administration, SBA, Procurement Technical Assistance Centers, National Veterans Business Association, and at the other Army Corps Small Business Offices.

Sixth, keep in touch with SDV primes. He said, “I use the CCR Dynamic Small Business Search link to identify every SDV in a project area and send them a notice.” Seventh, be passionate about the veteran and SDV categories. He noted that current legislation (HR 3867) proposes to strengthen the Federal Acquisition Regulations language regarding applicability of the SDVOSB program and to simplify the process needed to use it.

Diane Dempsey, Director, Small Business Relations, BAE Systems – Customer Solutions.

“We are the largest defense contractor in Europe and among the top five in the United States,” said Ms. Dempsey. She introduced other BAE personnel attending the council meeting representing the Land and Armaments group and another member of the Customer Solutions group.

In describing the BAE mission, she said that they are the leading provider of integrated technical and professional solutions for the US national security and federal civilian markets. Regarding information technology she said, “sustainment work is what our group focuses on – putting a band aid on what is out there.” Intelligence work represents some 43 percent of the business make-up and she said “our business has shifted to focus on that.”

According to Ms. Dempsey, BAE supports small businesses using “programs that tend to be similar in nature but that everybody approaches a little differently. We invest our time, energy and money in organizations that help develop small businesses.” In the area of outreach, she said that they always need to be on the look out for well qualified small businesses. When she works with proposal teams, she said, “we have to be involved at the beginning for our requirements and theirs to be met.” And, when counseling small businesses, she said that she expects them to be

ready when they meet with her. “They have to tell me what they do. I ask them for their elevator speech. I tell them what they need to know and to a small business that is huge.” BAE makes an effort to recognize high level performers at their annual small business awards.

BAE has a customer solutions small business roundtable that was formed to promote communication and leverage strengths within the customer solutions small business program organization. They meet quarterly to discuss issue that impact small business utilization. She said, “This is when we share, brainstorm, and talk about events. We try to be creative within the organization.”

Among their communication initiatives are internal and external web pages. The internal one is for the proposal teams so that they can identify companies anytime. The external one is for public use and lists events, information about the mentor-protégé program, provides points of contact, lists the expectations of what BAE typically seeks in a small business subcontractor, and allows suppliers to submit a profile.

They provide recognition to small businesses and to those within the company who support small businesses. In FY 06, 16 small businesses were nominated by company personnel to receive awards. Internally, they recognize those who led their operating groups in the various socio-economic categories. BAE also receives recognition for their small business program. In FY07, the Department of Justice, Center for Veterans Affairs, and Virginia Minority Supplier Development Council all recognized BAE for their small business support.

Larry Doyle, President, The Human Factor.

Mr. Doyle led the group in an interactive discussion and a hands-on exercise related to emotional intelligence. He discussed learning to let employees lead and working with emotional intelligence. These relate to good leadership and the ability to accomplish the mission while taking care of the people who do the job.

The five elements of emotional intelligence are self-awareness, self-regulation, motivation, empathy, and social skills. If one possesses self-awareness, the person knows their own internal preferences, resources and intuitions. With self-regulation, the person can manage their own internal state, impulses and resources. Motivation comes from the emotional tendencies that guide or facilitate reaching a goal. Empathy is the awareness of other’s feelings, needs and concerns. Social skills are one’s adeptness at inducing desirable responses in others.

When a person has emotional awareness, the person is able to recognize emotions and their effect. The ability to do an accurate self-assessment is the ability to know one’s own strengths and limits. And self-confidence is having a strong sense of one’s self-worth and capabilities.

Mr. Doyle’s firm, a SDVOSB, specializes in organization development which includes strategic planning, change, ISO-9000, Lean and Six Sigma; coaching at the mid-management and executive levels; and training and development for leadership, management, supervision, values,

ethics, communications, writing and other individual development programs. They are located in New Jersey and have done work for a wide variety of federal agencies.

Carol S. Decker, SBA Procurement Center Representative, Area 2, Office of Government Contracting.

Ms. Decker presented information on the newest SBA government contracting personnel, proposed rules, regulatory changes, program updates and GAO decisions impacting small business programs.

Women-owned Small Business (WOSB) Program: A follow-up proposed rule was published in the Federal Register on December 28, 2007. Four industry areas have been selected in which WOSB are under-represented. The SBA is proposing set-asides for economically disadvantaged WOSB in those areas. NAICS codes designated include: 9281, 3328, 3371, and 4412. In order to comply with the Department of Justice rules, the SBA is also proposing that the contracting agency make a determination that the set-aside is related to sex discrimination in the industry area. Comments are due by February 25, 2008, and can be submitted through www.regulations.gov.

On December 20, 2007, a non-manufacturer rule waiver was announced for NAICS 334510, electro-medical and electrotherapeutic apparatus manufacturing, diagnostic equipment, MRI manufacturing, medical ultrasound equipment, patient monitoring equipment, etc. As of that date, otherwise qualified regular dealers are allowed to supply the product of any domestic manufacturer on a federal contract set-aside for small businesses, service-disabled veteran owned small businesses, or SBA's 8(a) business development program.

A proposed waiver was also announced with comments due in mid-January. The SBA is considering granting a waiver of the non-manufacturer rule for NAICS 335999, all other miscellaneous electrical equipment and component manufacturing. The list of class waivers is found at: www.sba.gov/idc/groups/public/documents/sba_program_office/gc_approved.htm.

The 2008 Defense Authorization Bill contained specific exemptions for specialty metals. Four new exceptions to the specialty metals requirement went into effect when the Bill was signed. They include: COTS items, a de minimis exception for items containing a relatively small amount of non-compliant material, a national security exception for items needed by war fighters, and a 'market basket' exception for dual-use items. The exceptions will apply to purchases made by DOD and defense contractors and subcontractors at any tier regardless of whether the items acquired are systems, subsystems, assemblies, subassemblies, or components. In addition, the provision would eliminate the Anti-Deficiency Act as an enforcement mechanism, making noncompliance issues a contract violation rather than a criminal offense. The Bill can be found at <http://thomas.loc.gov>.

The SBA has an online assessment tool designed to help individuals decide whether they are ready to start a business. The online quiz automatically scores results, provides an assessment

profile, and suggested next steps which will direct users to SBA training and resources. The assessment tool can be found at: www.sba.gov/assessmenttool/index/html.

A Small Business Training Network is also available at SBA's website to provide prospective and existing small business owners with courses on a wide variety of subjects, including starting a business, marketing, advertising, planning and management, federal taxes, eCommerce, finance and accounting, government contracting, risk management, and international trade.

Dean Koppel, Assistant Director, Office of Policy and Research, Office of Government Contracting, US Small Business Administration.

Mr. Koppel reviewed the recent SBA size recertification regulation and answered questions from council members regarding implementation of the regulation.

As of June 30, 2007, the new rule affected all contracts with duration greater than five years in order to collect size changes for growth. Recertification is required prior to the beginning of the sixth year and prior to the exercise of each option thereafter. There is no requirement to terminate contracts and no prohibition on exercising options where size status has changed. There is also no requirement to change the terms and conditions of the contract.

In the case of novation, acquisition or merger, re-certification is also required. It was noted that a change in size will impact other socio-economic certifications in that if a company is no longer small, it cannot be a WOSB, SDB, SDVOSB, or HUBZone SB for that contract.

He reminded the council that the recertification rule has no impact on the large prime contractors and that no company loses their contract under the change. He also said that the size change could go from a company being large to being small, which also would be recertified. He anticipated that the FPDS fix for DOD reporting re-certifications was up and running.

Mr. Koppel answered questions from the council on a variety of small business related topics. Some highlights of the Q&A follow:

Small Business Reserves: When a contracting activity specifies that an IDIQ contract will be awarded with a small business reserve, meaning that a certain number of awards will go to qualified small businesses and other awards will go to other types of firms, then it is important that the contract file includes the market research to support that determination.

ANC: There has been legislation proposed to do away with the Alaskan Native Corporations as far as SBA is concerned. There was a recently enacted regulation that permits large prime contractors to take credit toward SDB goals by using ANCs. ANCs by and large are not small businesses. The statute that established it did away with the rules of affiliation. A tribal concern owns a small business, the small business can apply for the 8(a) program and is presumed to be a SDB. Large prime contractors can get the SDB credit for using the ANC, not the SB it owns. This can be confusing because the ANC can designate which prime contractors get the credit,

and an ANC can designate a third or fourth tier subcontractor to get the credit. There is no ceiling for awards to small businesses owned and controlled by ANCs under the 8(a) program.

Anthony Martoccia, Director, Department of Defense, Office of Small Business Programs.

Mr. Martoccia came to the office over the summer, replacing Frank Ramos. He said, “Its been quite an experience. I’m really enjoying the job at DOD. They do a great job as is evidenced by things such as the existence of this council.”

He complimented Mr. Beecher on the great job he is doing with the SDVOSB program. He also provided comments on other small business related topics.

Goals: DOD received a score card from the SBA in August and was rated “red” in the small business area. Because DOD did not reach its small business goal of 23 percent the overall rating was red for FY06. He said that he is working with SBA to improve how the scorecard is being measured, and to make the criteria more fair and reasonable. He said that Carol Brown is looking for feedback on what DOD small business offices are doing to improve things for small businesses. The data will be gathered and submitted, so that when they next meet with SBA it will show their progress.

eSRS: He believes that some large prime contractors are not living up to what is in their subcontracting plans and that no one is really monitoring that. Once DOD begins to use eSRS he said that data will become visible and public which will mean that DOD has to find a way to monitor the results.

Small Business Specialists: His office is working on a new directive describing the roles and responsibilities of the Small Business Offices. He expects that it will go out in the next couple of months.

Size Standards: DOD has been working with the SBA for a number of years to reset some of the size standards. They were working on the Professional and Engineering Services NAICS to move it up to \$40 million. He expects there to be a proposed rule issued in the near future.

SDVOSB: This is one of his biggest issues – working to improve the Veteran’s database to get more companies registered along with getting better descriptions of their capabilities.

During the roundtable discussion, the council heard about a new online aid for small businesses having trouble with the CCR registration process. The New Jersey Institute of Technology has a step-by-step online Podcast on how to register in CCR. The instruction covers error messages as well as the registration. Others are welcomed to share the information and it can be found at: www.njit.edu/dptac.

Copies of the following presentations are also available upon request: LTC James A. Blanco, Mr. Aaron Collmann, Mr. Terry Budge. To request a copy of a presentation, send an email to

the undersigned at Carol.Decker@sba.gov. Please be specific as to which presentation you would like to receive.

The meeting adjourned at noon.

Respectfully submitted,
Carol S. Decker, MARC Secretary